
**U.S. Senate
Republican Policy
Committee**

Don Nickles, Chairman
Doug Badger, Staff Director



**U.S. House
Republican
Conference**

John Boehner, Chairman
Barry Jackson, Executive Director

November 16, 1995

Balanced Budget

Real Savings for Working and Middle-Class America

As a recent Joint Economic Committee study shows, working and middle-class America will see real economic benefits from the seven-year balanced budget Congress is about to pass. Over the lives of a home loan, education loan, and car loan, a family could see *savings of \$74,381 in interest payments* because of the positive economic effects of our seven-year balanced budget plan. Those are *real* savings for real working Americans.

The savings detailed represent a comparison between interest rates from November 1994 (before Republicans took control of Congress and began pushing a seven-year balanced budget plan) and where rates would be if they fell to the levels of the 1950s — a plausible projection based on the earlier DRI-McGraw Hill study and remarks from economists, such as current Federal Reserve Board member Lawrence Lindsey and former Federal Reserve Board member Wayne Angell, who appeared at the November 9 House-Senate Republican Policy Committee hearing.

The specific savings are:

- On a house with a \$75,000 30-year mortgage:
Save \$2,388 per year
- On a car with a \$15,000 4-year loan:
Save \$1,026 (over the life of the loan)
- On a student loan with an \$11,000 10-year loan
Save \$1,891 (over the life of the loan)

On the lives of three loans: Save \$74,381

This is a conservative estimate, considering that a family could expect to put more than one member through college and purchase more than one car over the 30-year life of a home loan.

This is the change that Bill Clinton opposes, and Republicans support.

Staff Contact: J.T. Young, 224-2946